

Part 3 Management

31A-7-301 Principal office and registered agent.

Section 31A-5-401 governs the location of the principal office and existence of a registered agent for corporations organized and operating under this chapter.

Amended by Chapter 204, 1986 General Session

31A-7-302 Annual report to policyholders.

Every insurer organized or operating under this chapter shall send to each policyholder or electronically post on the insurer's public website an abbreviated annual report which contains basic financial and operating data, and information about important business and corporate developments.

Amended by Chapter 253, 2012 General Session

31A-7-303 Board of directors.

- (1) Subject to other provisions under this section, Sections 16-6a-801 through 16-6a-805, and Sections 16-6a-810, 16-6a-812, 16-6a-814, 16-6a-815, and 16-6a-816 apply to the board of directors of insurers organized or operating under this chapter.
- (2) The property and lawful business of every corporation subject to this chapter shall be held and managed by a governing board of trustees or directors with the powers and authority as is necessary or incidental to the complete execution of the purposes of each corporation as limited by its articles of incorporation and bylaws. A board may not consist of less than five members. A majority of the directors shall be residents of Utah.
- (3) Any person employed by or receiving more than 10% of his income from a corporation licensed under this chapter, and any person related to that person within the second degree by blood or marriage, is an "insider." Insiders may not constitute a majority of the board of a corporation organized and operating under this chapter.
- (4) The board shall manage the business and affairs of the corporation and may not delegate its power or responsibility to do so, except to the extent authorized by Section 31A-7-307.
- (5) Section 16-6a-814 applies to the place and notice of directors' meetings.
- (6) Any director may be removed from office for cause by an affirmative vote of a majority of the full board at a meeting of the board called for that purpose.

Amended by Chapter 300, 2000 General Session

31A-7-304 Waiver and consent.

Sections 16-6a-813 and 16-6a-815 apply to waiver and consent in corporations organized or operating under this chapter.

Amended by Chapter 300, 2000 General Session

31A-7-305 Supervision of management changes.

Subsections 31A-5-410(1)(a) and 31A-5-410(3) apply to supervision and management changes in corporations organized and operating under this chapter. If a trustee is removed from the board

of trustees in the manner specified under Subsection 31A-7-303(6), the action shall be reported to the commissioner within 10 days of the removal.

Amended by Chapter 91, 1987 General Session

31A-7-306 Continuity of management in emergencies.

Section 31A-5-411 applies to continuity of management in emergencies in corporations organized and operating under this chapter.

Enacted by Chapter 242, 1985 General Session

31A-7-307 Committees of directors.

- (1) If provided by the articles or bylaws of a corporation, the board of directors may, by a resolution adopted by a majority of the full board, designate one or more committees, each consisting of three or more directors, to serve at the pleasure of the board. The board may designate one or more directors as alternate members of any committee to substitute for any absent member at any meeting of the committee. The designation of a committee and delegation of authority to it does not relieve the board or any director of responsibility imposed upon it or him by law.
- (2)
 - (a) Corporations organized and operating under this chapter shall have an audit committee and a nominating committee.
 - (b) A majority of the members of the audit and nominating committees may not be insiders as defined under Subsection 31A-7-303(3).
- (3) When the board is not in session, a committee may exercise the powers of the board in the management of the business and affairs of the corporation to the extent authorized in the resolution or in the articles or bylaws, except final action regarding:
 - (a) compensation or indemnification of any person who is a director, principal officer, or one of the three most highly paid employees, and any benefits or payments requiring shareholder or policyholder approval;
 - (b) approval of any contract required to be approved by the board under Section 31A-7-309 or of any other transaction in which a director has a material interest adverse to the corporation;
 - (c) amendment of the articles or bylaws;
 - (d) corporate reorganization under Part 4, Reorganization;
 - (e) any other decision requiring shareholder or policyholder approval;
 - (f) amendment or repeal of any action previously taken by the full board which by its terms is not subject to amendment or repeal by a committee;
 - (g) dividends or other distributions to shareholders or policyholders, other than in the routine implementation of policy determinations of the full board;
 - (h) selection of principal officers; and
 - (i) filling vacancies on the board or any committee created under Subsection (1) except that the articles or bylaws may provide for temporary appointments to fill vacancies on the board or any committee, the appointments to last no longer than the end of the next board meeting.
- (4) Subsection 31A-5-412(4) applies to the subsequent review provided in corporations organized and operating under this chapter.

Amended by Chapter 90, 2004 General Session

31A-7-308 Interlocking directorates and other relationships.

Section 31A-5-413 applies to interlocking directorates and other relationships in corporations organized and operating under this chapter.

Enacted by Chapter 242, 1985 General Session

31A-7-309 Transactions in which directors and others are interested.

Section 31A-5-414 applies to corporations organized and operating under this chapter, except that, for purposes of this chapter, Section 31A-5-414 does not preclude standard contracts for the provision of health care services with directors who are also providers of health care services.

Enacted by Chapter 242, 1985 General Session

31A-7-310 Officers', directors', and employees' liability and indemnification.

Section 31A-5-415 applies to officers', directors', and employees' liability and indemnification in corporations organized and operating under this chapter.

Enacted by Chapter 242, 1985 General Session

31A-7-311 Executive compensation.

Subsections 31A-5-416(4), (5), (6), and (7) apply to executive compensation in corporations organized and operating under this chapter.

Amended by Chapter 316, 1994 General Session

31A-7-312 Exclusive management and exclusive agency contracts.

Section 31A-5-417 applies to exclusive management and exclusive agency contracts in corporations organized and operating under this chapter, except that in this chapter, Subsection 31A-5-417(2) does not preclude exclusive agency contracts with controlled subsidiaries of the insurer organized and operating under this chapter.

Enacted by Chapter 242, 1985 General Session

31A-7-313 Books and records.

Section 16-6a-1602 applies to the books and records of corporations organized and operating under this chapter.

Amended by Chapter 300, 2000 General Session